

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

U

WS-04235A
Utility Source, L.L.C. - Water Division
721 E. San Pedro
Gilbert, AZ 85234

RECEIVED

ARIZONA CORP. COMM.
Water Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

4-14-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>UTILITY SOURCE, LLC</u>		
Mailing Address <u>721 E San Pedro</u>		
<u>Gilbert</u>	<u>Arizona</u>	<u>85234</u>
(City)	(State)	(Zip)
<u>(480) 992-8756</u>	<u>(480) 992-3387</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>saa</u>		
(City)	(State)	(Zip)
<u></u>	<u></u>	<u></u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Jeremy McCaleb</u>		<u>Operator</u>	
	(Name)	(Title)	
<u>PO Box 16198</u>	<u>Bellefont</u>	<u>AZ</u>	<u>86015</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 699-2266</u>	<u>(928) 213-9529</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Jeremy McCaleb</u>			
	(Name)		
<u>4711 N Bellefont Springs</u>	<u>Bellefont</u>	<u>AZ</u>	<u>86015</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 699-2266</u>	<u>(928) 213-9529</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Salquist & Drummond

Richard L. Salquist

(Name)

2525 E Arizona Biltmore Circle, #A-117 Phoenix

(Street)

(City)

AZ

(State)

85016

(Zip)

(602) 224-9222

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: SAA

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☒ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☒ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	210,000	0	210,000
304	Structures and Improvements	109,250	8,193	101,057
307	Wells and Springs	2,648,044	240,603	2,407,441
311	Pumping Equipment	161,494	60,561	100,933
320	Water Treatment Equipment	5,487	549	4,938
330	Distribution Reservoirs and Standpipes	345,000	22,977	322,023
331	Transmission and Distribution Mains	147,200	8,832	138,368
333	Services	86,250	8,616	77,634
334	Meters and Meter Installations			
335	Hydrants	34,500	2,070	32,430
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	3,834,625	365,511	3,469,114
310	Power Generation Equipment	87,400	13,110	74,290

This amount goes on the Balance Sheet Acct. No. 108 

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	210,000	0 %	0
304	Structures and Improvements	109,250	2.5 %	2,731
307	Wells and Springs	2,648,044	3.33%	88,180
311	Pumping Equipment	161,494	12.5 %	20,187
320	Water Treatment Equipment	5,487	3.33%	183
330	Distribution Reservoirs and Standpipes	345,000	2.22%	7,659
331	Transmission and Distribution Mains	147,200	2 %	2,944
333	Services	86,250	3.33%	2,872
334	Meters and Meter Installations			
335	Hydrants	34,500	2 %	690
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	3,834,625		129,816
310	Power Generation Equipment	87,400	5 %	4,370

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 390.52	\$ 0.00
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	23,350.33	23,820.93
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	7,000.00	7,000.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 30,740.85	\$ 30,820.93
	FIXED ASSETS		
101	Utility Plant in Service	\$ 3,529,987.77	\$ 3,834,625.16
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(235,695.00)	(365,511.00)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 3,294,292.77	\$ 3,469,114.16
	TOTAL ASSETS	\$ 3,325,033.62	\$ 3,499,935.09

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 180.66	\$ 630.81
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		860.09
	TOTAL CURRENT LIABILITIES	\$ 180.66	\$ 1,490.90
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 0.00	\$ 0.00
	TOTAL LIABILITIES	\$ 180.66	\$ 1,490.90
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(309,756.79)	(453,122.70)
218	Proprietary Capital (Sole Props and Partnerships)	3,634,609.75	3,951,566.89
	TOTAL CAPITAL	\$ 3,324,852.96	\$ 3,498,444.19
	TOTAL LIABILITIES AND CAPITAL	\$ 3,325,033.62	\$ 3,499,935.09

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 75,060.84	\$ 88,937.65
460	Unmetered Water Revenue	25,622.81	2,903.46
474	Other Water Revenues	3,540.76	25,374.85
	TOTAL REVENUES	\$ 104,224.41	\$ 117,215.96
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	49,212.29	43,840.37
618	Chemicals	627.26	584.04
620	Repairs and Maintenance	8,706.55	4,669.12
621	Office Supplies and Expense	11,189.47	12,925.27
630	Outside Services	30,373.91	11,206.77
635	Water Testing	5,190.50	6,034.00
641	Rents		
650	Transportation Expenses		
657	Insurance -- General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense -- Rate Case	9,402.13	38,223.55
675	Miscellaneous Expense	10,241.98	8,182.17
403	Depreciation Expense	119,671.00	129,816.00
408	Taxes Other Than Income		
408.11	Property Taxes	3,145.98	5,100.58
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 247,761.07	\$ 260,581.87
	OPERATING INCOME/(LOSS)	\$ (143,536.66)	\$ (143,365.91)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0.00	\$ 0.00
	NET INCOME/(LOSS)	\$ (143,536.66)	\$ (143,365.91)

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$

Meter Deposits Refunded During the Test Year	\$
--	----

COMPANY NAME	<i>UTILITY SOURCE, LLC</i>
Name of System:	<i>Flagstaff Meadows Water System</i> ADEQ Public Water System Number: <i>03300</i>

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-203241	125 HP	72 gpm	2,801'	10"	2"	2004
55-598834	50 HP	23 gpm	2,100'	8"	1"	2003
55-593267	10 HP	11 gpm	1,947'	8"	3/4"	2002
55-559096	2 HP	7 gpm	240'	6"	3/4"	1997
See attached for	Additional	Wells				

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15 hp	2	34	
75 hp	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
442,000 gal	1	200 gal	1
258,000 gal	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

HP ID Number	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-598623	2 hp	10 gpm	300'	6"		2004
55-564258	2 hp	12 gpm	300'	7"		1998
55-515324	1 hp	5 gpm	105'	8"	3/4	1987
55-503545	1hp	10 gpm	215'	7"	3/4	1982
55-206887		371 gpm	2908'	16"		2005

COMPANY NAME	<i>UTILITY SOURCE, LLC</i>
Name of System: <i>Flagstaff Meadows Water System</i>	ADEQ Public Water System Number: <i>03300</i>

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	C-900	900
8	C-900	14,563
10		
12	C-900	5,890

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	327
1	
1 1/2	
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT: Peristaltic pump for CL2 injection

STRUCTURES: One pump house, 2 well houses & storage facility, 6' retaining wall around facility, 400' in length

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: **UTILITY SOURCE, LLC**

Name of System: *Flagstaff Meadows Water System* ADEQ Public Water System Number: **03300**

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	365	1,447,979	1,481,861	
FEBRUARY	362	1,532,221	1,558,789	
MARCH	365	1,448,810	1,469,281	
APRIL	367	1,895,015	1,972,956	
MAY	370	1,521,125	1,546,679	
JUNE	373	2,991,851	3,080,708	
JULY	366	3,242,076	3,359,763	
AUGUST	363	2,703,834	2,816,583	
SEPTEMBER	363	1,445,430	1,499,055	
OCTOBER	365	2,466,154	2,512,024	
NOVEMBER	362	2,339,425	2,388,552	
DECEMBER	364	2,189,110	2,257,191	
TOTALS →		25,223,030	25,943,442	

What is the level of arsenic for each well on your system? Less than .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME UTILITY SOURCE, LLC YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 5,100.58

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2007 9129012300 2 000000234112000000119056

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627



If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00 P.M. May 1, 2008 (ARS 42-18052 and ARS 42-18053).

Due March 1, 2008
UTILITY SOURCE LLC
919-20-113 0 Roll Number: 0073659

2007 SECOND HALF PAYMENT COUPON

2007 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2007 TAX SUMMARY	
919-20-113 0	0113	4.2932	3.4734		PRIMARY PROPERTY TAX	1,349.80
					LESS STATE AID TO EDUCATION	0.00
					NET PRIMARY PROPERTY TAX	1,349.80
					SECONDARY PROPERTY TAX	1,031.32
					SPECIAL DISTRICT TAX	0.00
					TOTAL TAX DUE FOR 2007	2,381.12

ASSESSMENT	VALUE IN DOLLARS	ASSTMT %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX
LIMITED LAND, BLDGS, ETC	4,458	24.0	1,070	0	4.2932	45.95
LIMITED PERSONAL PROPERTY	126,542	24.0	30,370	0	4.2932	1,303.85
LIMITED TOTALS	131,000		31,440	0		1,349.80
FULL CASH LAND	0	24.0	0	0	3.4734	0.00
FULL CASH BUILDINGS, ETC	4,458	24.0	1,070	0	3.4734	37.18
FULL CASH PERSONAL PROPERTY	126,542	24.0	30,370	0	3.2734	994.14
FULL CASH TOTALS	131,000		31,440	0		1,031.32

0073659
SITUS ADDRESS:
NULL
LEGAL DESCRIPTION:
TOTAL VALUE OF OPERATING PROPERTY

JURISDICTION	2006 TAXES	2007 TAXES
02000 COCONINO COUNTY	0.00	137.81
07001 FLAGSTAFF SD #1	0.00	1,500.11
08150 COMMUNITY COLLEGE	0.00	152.96
11526 PARKS/BELLMONT FD	0.00	471.60
11900 FIRE DISTRICT ASSIST	0.00	31.44
14900 COCONINO CO LIBRARY	0.00	69.33
15000 COCONINO COUNTY FCD	0.00	2.14
30001 JOINT VOCATIONAL TEC	0.00	15.73

This is the only notice you will receive.

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627

Latel to Gary

THIS IS A
CALENDAR YEAR
TAX NOTICE

TOTALS 0.00 2,381.12

PAYMENT INSTRUCTIONS

To pay the 1st half installment and tax notices under \$100, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2007. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2008. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2007. Delinquent interest will be waived.

Make your check payable to and mail to:

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627

919-20-113 0
0001418 01 AV 0.312 **AUTO T7 2 0788 85234-347021

UTILITY SOURCE LLC
C/O GARY BULECHEK
721 E. SAN PEDRO
GILBERT AZ 85234-3470

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

2007 20347004F 2 00000027194600000135973

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627



May 1, 2008 (ARS 42-18052 and ARS 42-18053)
for payments postmarked after 5:00 PM on the 1st day of the month for late payment is 16% per year
Agency Date Second Half Payment

17-004F 2 Roll Number: 0032320
CO TRAVEL CENTER LTD PARTNERSHIP
March 1, 2008

07 SECOND HALF PAYMENT COUPON

20347004F



If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

1,359.73

TO PAY 2ND HALF
PAY
Flagstaff AZ 86001-4627
Coconino County Treasurer
Bonny Lynn
110 E Cherry Ave

DETACH AND RETURN WITH PAYMENT

Payment in U.S. FUNDS ONLY

2007 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2007 TAX SUMMARY	
203-47-004F 2	0113	4.2932	3.4734		PRIMARY PROPERTY TAX	1,410.70
					LESS STATE AID TO EDUCATION	0.00
					NET PRIMARY PROPERTY TAX	1,410.70
					SECONDARY PROPERTY TAX	1,308.70
					SPECIAL DISTRICT TAX	0.00
					TOTAL TAX DUE FOR 2007	2,719.40

ASSESSMENT	VALUE IN DOLLARS	ASST %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX
LIMITED LAND, BLDGS, ETC	136,911	24.0	32,859	0	4.2932	1,410.70
LIMITED PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00
LIMITED TOTALS	136,911		32,859	0		1,410.70
FULL CASH LAND	156,994	24.0	37,679	0	3.4734	1,308.70
FULL CASH BUILDINGS, ETC	0	0.0	0	0	0.0000	0.00
FULL CASH PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00
FULL CASH TOTALS	156,994		37,679	0		1,308.70

0032320

SITUS ADDRESS:

LEGAL DESCRIPTION:

TH N 89-48-23 W 74.44'; TH S 89-59-29 W 408.35';
POR SW4 SEC 36 22N-05E DESC AS FLLWS: BEG SW COR
SEC 36; TH N 01-04-20 W 226.39'; TH N 01-04-
20 W 436.71'; TH S 89-48-40 E 666.45', POR; TH
S89-48-40 E 668.01; TH S 00-21-26 E 659.00';
TH N 89-58-08 W 184.23'; TH N 02-26-22 W 24.00';

JURISDICTION	2006 TAXES	2007 TAXES
02000 COCONINO COUNTY	77.23	144.02
07001 FLAGSTAFF SD #1	994.78	1,629.89
08150 COMMUNITY COLLEGE	88.83	165.40
11526 PARKS/BELLMONT FD	259.38	565.19
11900 FIRE DISTRICT ASSIST	17.29	37.68
14900 COCONINO CO LIBRARY	32.84	83.08
15000 COCONINO COUNTY FCD	34.58	75.36
30001 JOINT VOCATIONAL TEC	8.65	18.84

This is the only notice you will receive.

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627

THIS IS A
CALENDAR YEAR
TAX NOTICE

203-47-004F 2

0040795 01 AT 0.334 **AUTO T5 0 0788 86015-622323



FUELCO TRAVEL CENTER LTD PARTNERSHIP
PO BOX 16223
BELLEMONT AZ 86015-6223

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

TOTALS 1,513.58 2,719.40

PAYMENT INSTRUCTIONS

To pay the 1st half installment and tax notices under \$100, send the 1st half coupon with your payment postmarked no later than Nov 1, 2007. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2008. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2007. Delinquent interest will be waived.

Make your check payable to and mail to:

Bonny Lynn
Coconino County Treasurer
110 E Cherry Ave
Flagstaff AZ 86001-4627

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Coconino
NAME (OWNER OR OFFICIAL) TITLE	Lonnie McCleve
COMPANY NAME	Utility Source, LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

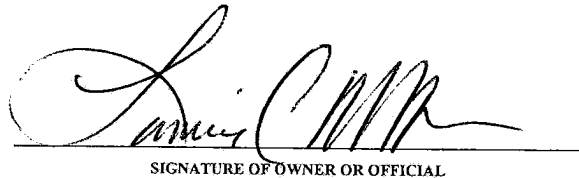
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

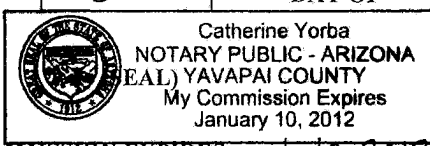
(480) 892-8756

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

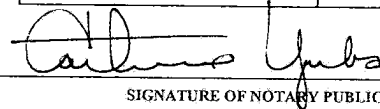
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 8th DAY OF



MY COMMISSION EXPIRES 1-10-2012

COUNTY NAME	YAVAPAI
MONTH	April
	2008



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME UTILITY SOURCE, LLC

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>-0-</u>
Estimated or Actual Federal Tax Liability	<u>-0-</u>

State Taxable Income Reported	<u>-0-</u>
Estimated or Actual State Tax Liability	<u>-0-</u>

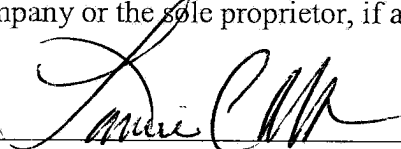
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-8-08

DATE

Donnie McCleve

PRINTED NAME

Managing Member

TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Coconino</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Ionnie McCleve</u>
COMPANY NAME
<u>Utility Source, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

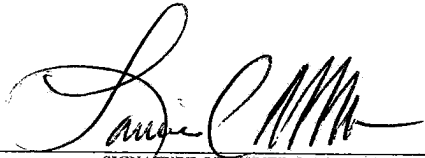
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>124,792.02</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 7,576.06
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



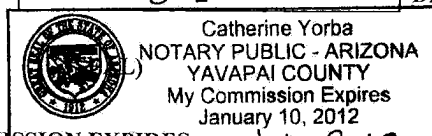
SIGNATURE OF OWNER OR OFFICIAL
(480) 892-9756

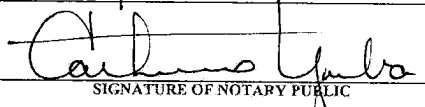
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 8th DAY OF



COUNTY NAME	<u>Yavapai</u>	
MONTH	<u>April</u>	<u>2008</u>
 _____ SIGNATURE OF NOTARY PUBLIC		

MY COMMISSION EXPIRES 1-10-2012

RECEIVED
APR 11 2008
ARIZONA CORP COMM
Director Utilities

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Coconino	
NAME (OWNER OR OFFICIAL) Lonnie McGlave	TITLE Managing Member
COMPANY NAME Utility Source, LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

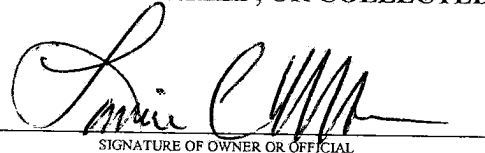
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 92,171.66

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6,566.25
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

(480) 892-8756
TELEPHONE NUMBER


SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

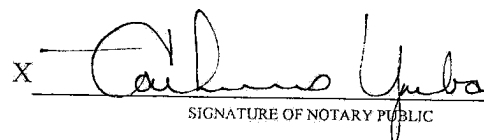
THIS

8th

DAY OF

(SEAL) 
Catherine Yorba
NOTARY PUBLIC - ARIZONA
YAVAPAI COUNTY
My Commission Expires
January 10, 2012
MY COMMISSION EXPIRES 1-10-2012

NOTARY PUBLIC NAME Catherine Yorba	
COUNTY NAME Yavapai	
MONTH April	2008

X 
SIGNATURE OF NOTARY PUBLIC